

Message Text

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PAGE 01 HELSIN 02864 140720Z

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ACTION EB-11

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SUBJ: MIDDLE EAST OIL AND GENERAL ENERGY SITUATION
IN FINLAND

REF: (A) HELSINKI A-277, AND (B) STATE 221740

1. BEGIN SUMMARY. NATIONAL PETROLEUM REFINERY FIRM HAS INFORMED EMBASSY THAT FINLAND ANTICIPATES HAVING SUFFICIENT SUPPLIES OF PETROLEUM PRODUCTS TO MEET ALL NORMAL REQUIREMENTS THROUGH MAY NEXT YEAR, INCLUDING AVIATION GAS AND JET FUEL, PROVIDED THERE IS NO SIGNIFICANT SHORTFALL IN PETROLEUM DELIVERIES IN DECEMBER AND THERE IS NORMAL WINTER WEATHER IN THIS COUNTRY. END SUMMARY.

2. K.H. PENTTI, DEPUTY GENERAL MANAGER OF FINNISH
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PAGE 02 HELSIN 02864 140720Z

NATIONAL PETROLEUM REFINERY NESTE OY, INFORMED ECON/

COMMERCIAL COUNSELOR THAT FINLAND IS IN MORE FORTUNATE POSITION THAN EUROPE AND OTHER CONSUMERS BECAUSE OF RELATIVELY LARGE STOCKS OF PETROLEUM PRODUCTS AND DEPENDENCE ON SOVIET UNION FOR BULK OF IMPORTS. HE SAID THAT SOVIET UNION SUPPLIES ABOUT TWO-THIRDS OF CRUDE OIL NEEDS; IRAN ALSO SUPPLIES SUBSTANTIAL AMOUNTS; AND SAUDI ARABIA IS RELATIVELY SMALLER SUPPLIER. HE THOUGHT LOSS FROM SAUDI ARABIA ACTION MAY BE ABOUT 300,000 TONS OF CRUDE FOR REMAINDER OF YEAR WHILE PURCHASES OF HEAVY OIL THROUGH UK, NORWAY, AND OTHER REFINERS MIGHT MEAN LOSS OF 100,000 TONS. ON BALANCE, NOT INCLUDING STRATEGIC STOCKPILES (NO FIGURE GIVEN) FINLAND PROBABLY COULD MEET NORMAL INDUSTRIAL, HEATING, AND OTHER REQUIREMENTS UNTIL MAY NEXT YEAR. THIS ASSUMES HOWEVER THAT THIS WINTER WILL NOT BE PARTICULARLY SEVERE, THAT HYDRO AND OTHER POWER SOURCES WILL BE NORMAL, AND THAT PETROLEUM DELIVERY CONTRACTS FOR DECEMBER WILL BE MET. HE THOUGH NO RATIONING OF PETROLEUM PRODUCTS WILL BE NECESSARY THIS WINTER, ALTHOUGH TO GUARD AGAINST SPECULATIVE COMMERCIAL AND INDUSTRIAL PURCHASES THE PETROLEUM DISTRIBUTING FIRMS IN FINLAND HAVE BEEN ASKED TO WATCH SALES FIGURES CAREFULLY. THE GOVERNMENT HAS ORDERED ITS GOVERNMENT OFFICES AND INSTITUTIONS TO CONSERVE FUEL AND ENERGY AND MINISTER OF INDUSTRY HAS URGED PUBLIC TO EXERCISE FRUGALITY IN USE OF FUEL BUT THIS IS, AS NOTED BY THE PRESS, MORE SYMBOLIC THAN ONE BASED ON IMMINENT FUEL SHORTAGES. SMALL QUANTITIES INVOLVED IN EXPORT TRADE WERE ALSO RECENTLY STOPPED.

2. ON JET AND AVIATION FUEL, PENTTI THOUGHT THAT BOTH DOMESTIC AND FOREIGN AIRCRAFT REQUIREMENTS CAN BE MET. HE NOTED HOWEVER THAT THE SITUATION FOR AVIATION FUEL HAS BEEN GENERALLY ONE OF SHORT-SUPPLY.

3. MINISTER OF INDUSTRY JAN-MAGNUS JANSSEN RECENTLY INFORMED THE PRESS THAT FINLAND HAD BETWEEN 4-7 MONTHS SUPPLY OF PETROLEUM PRODUCTS. EARLIER, ANOTHER NESTE OY SOURCE WAS QUOTED BY THE PRESS THAT THERE WAS 3 1/2 MONTH SUPPLY. MINISTRY SOURCE HAS EXPLAINED THAT LIMITED OFFICIAL USE

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PAGE 03 HESIN 02864 140720Z

DISCREPANCIES IN FIGURES RELATED TO TIME WHEN ESTIMATES WERE MADE AND FURTHER THAN THE 4-7 MONTHS OF STOCKS QUOTED BY MINISTER RELATED TO DIFFERENT CATEGORIES OF PETROLEUM PRODUCTS.

4. ACCORDING TO NESTE OY, FINLAND CONSUMED 11,390,329 TONS OF PETROLEUM PRODUCTS IN 1972. IMPORTS OF CRUDE OIL IN 1972 TOTALED ABOUT 9.3 MILLION METRIC TONS

(TWO-THIRDS FROM SOVIET UNION); AND DURING JANUARY-SEPTEMBER 1973, 6.7 MILLION TONS (ABOUT 650,000 TONS FROM ARAB SOURCES). HEAVY FUEL AND DIESEL OIL IMPORTS IN JANUARY-SEPTEMBER TOTALED ABOUT 2,600,000 TONS, ROUGHLY SAME AS LAST YEAR.

5. RELATIVELY STRONG STOCK POSITION OF FINLAND IN PETROLEUM PRODUCTS AT THIS TIME REFLECTS SEASONAL NATURE OF IMPORTS. DURING FOUR MONTHS OF YEAR (JANUARY-APRIL) ICE CONDITIONS PREVENT LARGE SHIPMENTS INTO FINLAND. ANTICIPATING POSSIBLE IMPORT SHORTAGES NEXT YEAR, FINNISH TRADE DELEGATION IN MOSCOW IS NOW REQUESTING LARGER PETROLEUM DELIVERIES BY SOVIETS IN CONNECTION WITH TRADE PLAN FOR 1974. RESULTS OF TALKS SHOULD BECOME AVAILABLE SOON.

6. DESPITE OPTIMISTIC TONE OF FINNISH STATEMENTS, THERE IS POSSIBILITY THAT GOVERNMENT WILL IMPOSE A PETROLEUM ALLOCATION SYSTEM NEXT SPRING, IF MID-EAST SITUATION DOES NOT CLEAR UP IN THE MEANTIME.
KREHBIEL

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